

Saginaw, TX

15 Year Sale-Leaseback



Marcus & Millichap

OFFERING MEMORANDUM

616 South Saginaw Boulevard
Saginaw, Texas 76179

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Investment Highlights

PRICE: \$1,513,043 | CAP: 5.75% | RENT: \$87,000

About the Investment

- ✓ Brand New 15-Year Triple-Net (NNN) Sale-Leaseback
- ✓ 1.25% Annual Increases Beginning in Lease Year 6
- ✓ Four (4), Five (5)-Year Tenant Renewal Options
- ✓ 76-Unit Franchisee Guarantee

About the Location

- ✓ Major National Tenants In Surrounding Area Include: McDonald's, Dollar General, International Paper, Del Monte, Standard Meat, Frontier Logistics
- ✓ Strategically Positioned Directly Off of South Saginaw Boulevard - ADTC of Over 33,750 Vehicles
- ✓ Located Nine Miles North of Downtown Fort Worth
- ✓ Saginaw High School – Two Miles Away – Over 590 Students
- ✓ DFW Metroplex - Fourth Most Populous Metropolitan Area in the United States

About the Tenant/Brand

- ✓ Pizza Hut is the Largest Pizza Chain in the United States
- ✓ As of year end 2016, Pizza Hut had 16,409 units. 97 percent of the Pizza Hut units are franchised.
- ✓ Pizza Hut operates in the delivery, carryout and casual dining segments around the world. Outside of the U.S., Pizza Hut often uses unique branding to differentiate these segments. Additionally, a growing percentage of Pizza Hut's customer orders are being generated digitally.



INVESTMENT SUMMARY



Marcus & Millichap is pleased to present the exclusive listing for a Pizza Hut Sale-Leaseback located at 616 South Saginaw Boulevard in Saginaw, Texas. Built in 1977, the property consists of 2,471 square feet of building space and sits on 0.52 acres of land.

This Pizza Hut property is subject to a brand new 15-year triple-net (NNN) sale-leaseback that will commence at the close of escrow. The current rent is \$87,000 and is subject to 1.25% annual rental increases beginning in year 6. Additionally, the tenant has four, five-year renewal options. The lease is guaranteed by a 76-unit Pizza Hut entity.

Pizza Hut is an American restaurant chain and international franchise, known for pizza and side dishes. It is now corporately known as Pizza Hut, Inc. and is a subsidiary of Yum! Brands, Inc., the world's largest restaurant company. As of year end 2016, Pizza Hut had 16,409 units. 97 percent of the Pizza Hut units are franchised.





Financial Analysis

PRICE: \$1,513,043 | CAP: 5.75% | RENT: \$87,000

Property Description

Property	Pizza Hut
Property Address	616 South Saginaw Boulevard
City, State, ZIP	Saginaw, Texas 76179
Year Built	1977
Building Size	+/- 2,471 SF
Lot Size	+/- 0.52 Acres
Type of Ownership	Fee Simple

The Offering

Annual Rent	\$87,000
CAP Rate	5.75%
Purchase Price	\$1,513,043
Price / SF	\$612
Rent / SF	\$35.21

Lease Summary

Property Type	Net Leased Restaurant
Tenant / Guarantor	Franchisee – 76 Units
Ownership Type	Private
Original Lease Term	15 Years
Lease Commencement	Close of Escrow
Lease Expiration	Close of Escrow
Lease Term Remaining	15 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Options to Renew	Four (4), Five (5)-Year Options
Rental Increases	1.25% Starting in Year 6

Rent Schedule

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Years 1-5	\$87,000	\$7,250	-
Year 6	\$88,088	\$7,341	1.25%
Year 7	\$89,189	\$7,432	1.25%
Year 8	\$90,303	\$7,525	1.25%
Year 9	\$91,432	\$7,619	1.25%
Year 10	\$92,575	\$7,715	1.25%
Year 11	\$93,732	\$7,811	1.25%
Year 12	\$94,904	\$7,909	1.25%
Year 13	\$96,090	\$8,008	1.25%
Year 14	\$97,291	\$8,108	1.25%
Year 15	\$98,508	\$8,209	1.25%



TENANT OVERVIEW



Pizza Hut is an American restaurant chain and international franchise, known for pizza and side dishes. It is now corporately known as Pizza Hut, Inc. and is a subsidiary of Yum! Brands, Inc., the world's largest restaurant company.

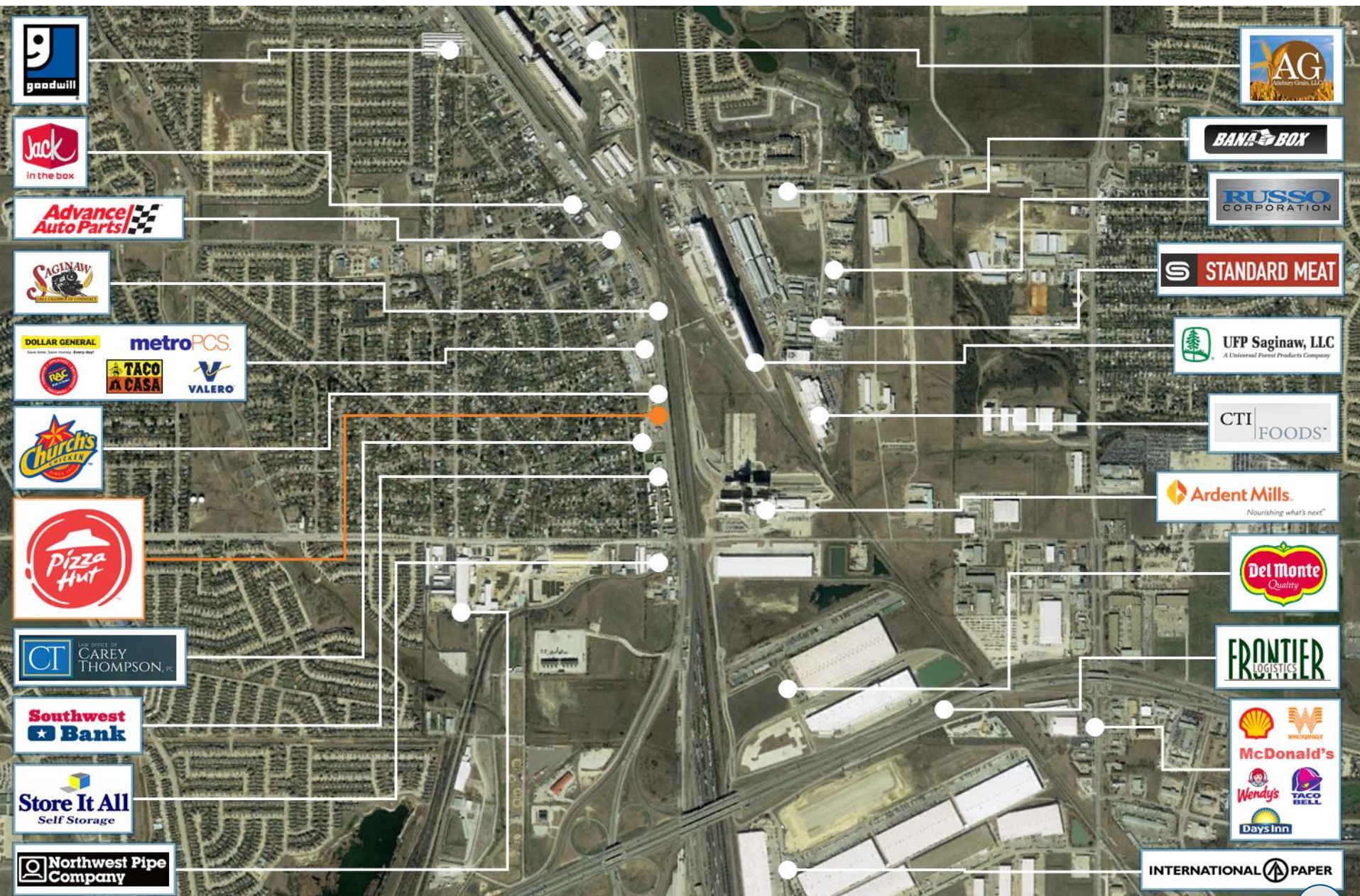
The first Pizza Hut restaurant was opened in 1958 in Wichita, Kansas, and within a year, the first franchise unit was opened. Today, Pizza Hut is the largest restaurant chain in the world specializing in the sale of ready-to-eat pizza products. Pizza Hut operates in 103 countries and territories throughout the world. As of year end 2016, Pizza Hut had 16,409 units. 97 percent of the Pizza Hut units are franchised.

Pizza Hut operates in the delivery, carryout and casual dining segments around the world. Outside of the U.S., Pizza Hut often uses unique branding to differentiate these segments. Additionally, a growing percentage of Pizza Hut's customer orders are being generated digitally.

As of November, 2014 Pizza Hut revamped their menu, adding five new toppings, six sauces, 10 crust flavors (like "honey Sriracha" and "ginger boom boom"), and even health-conscious "Skinny Slice" pizzas.



Surrounding Area





Location Overview

The subject property is located at 616 South Saginaw Boulevard in Saginaw, Texas. Saginaw, frequently known as Eagle Mountain-Saginaw, is a small city in Tarrant County, Texas, and an Inner suburb of Fort Worth. Saginaw remains an agribusiness center for much of Texas with some of the largest grain storage facilities in the United States. Saginaw is conveniently located nine miles north of downtown Fort Worth and 37 miles west of Dallas. It is just a few minutes away from both Eagle Mountain Lake and Lake Worth.

The subject property is well-positioned in an active retail and industrial corridor, providing this Pizza Hut location with exposure to a variety of national retail and industrial tenants. Major national tenants in the surrounding area include: McDonald's, Advance Auto Parts, Jack in the Box, Goodwill, Dollar General, Rent-a-Center, MetroPCS, Taco Casa, Valero, Southwest Bank, Wendy's, Taco Bell, Days Inn, Valero, Shell, Whataburger, as well as many others. Major national industrial tenants in the area include: International Paper, Frontier Logistics, Del Monte, Ardent Mills, CTI Foods, UFP Saginaw, LLC, Standard Meat, Russo Corporation, Bana-Box, Attebury Grain, and Northwest Pipe Company, among many others. Saginaw High School is located two miles away and has over 590 students enrolled.

There are approximately 70,845 individuals residing within a three-mile radius and more than 210,825 individuals residing within a five-mile radius. The site is located directly off of South Saginaw Boulevard, which has traffic counts of 33,759 vehicles per day. U.S. Interstate 820 and U.S. Interstate 35 are both in close proximity to the subject property. The two interstates have traffic counts of 174,976 and 145,800 vehicles per day, respectively.

The Dallas-Fort Worth MSA has one of the largest concentrations of corporate headquarters for publicly traded companies in the United States. Fortune Magazine's 2015 annual list of the Fortune 500 companies in America indicates the city of Dallas has nine Fortune 500 companies, and the DFW region as a whole has 21, up from 18 the year before, reflecting the strong growth in the metro economy. Dallas is currently the third most popular destination for business travel in the United States, and the Dallas Convention Center is one of the largest and busiest convention centers in the country, with over 1,000,000 square feet and the world's single-largest column-free exhibit hall.





Property Photos





Property Photos



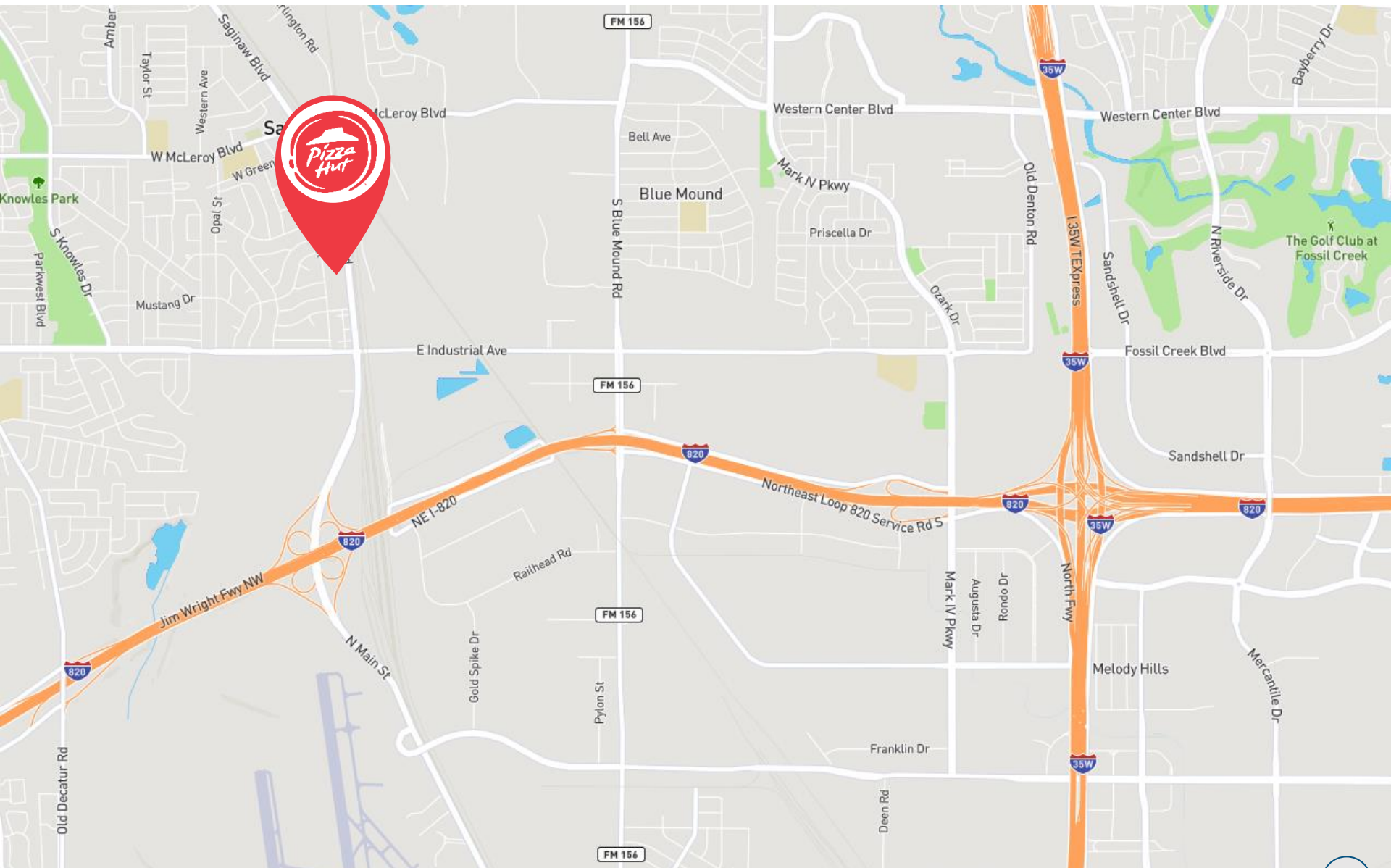


Surrounding Area Photos



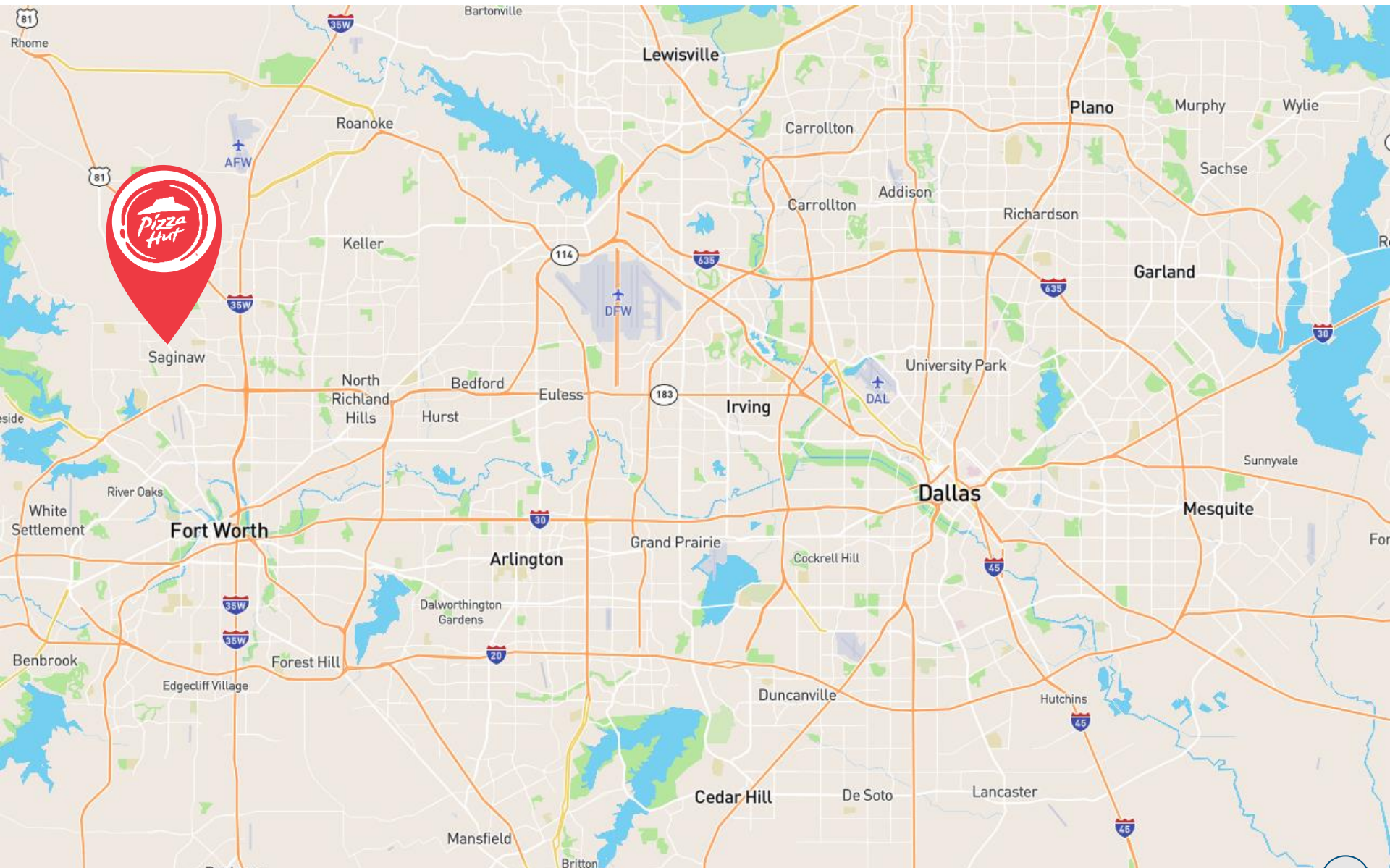


Local Map





Regional Map



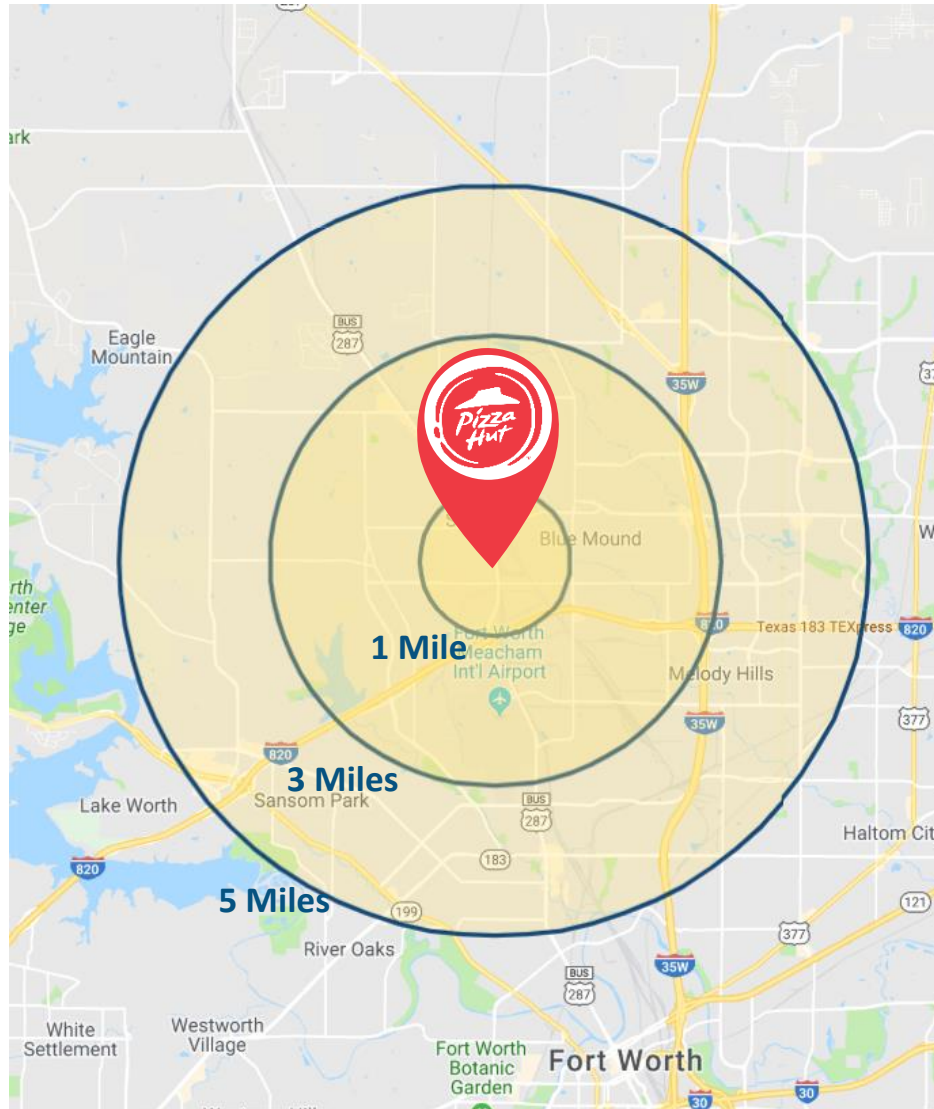


State Map





Demographics



Population:

	1 Mile	3 Miles	5 Miles
2023 Projection	7,970	77,224	228,936
2018 Estimate	7,380	70,845	210,825
2010 Census	6,463	57,925	177,413
Growth 2018-2023	7.99%	9.00%	8.59%
Growth 2010-2018	14.19%	22.30%	18.83%
2018 Population Hispanic Origin	2,096	24,402	89,663

2018 Population by Race:

	1 Mile	3 Miles	5 Miles
White	6,634	57,399	173,822
Black	356	7,245	18,052
Am. Indian & Alaskan	85	698	2,067
Asian	134	3,331	11,128
Hawaiian & Pacific Island	6	119	335
Other	165	2,053	5,421

U.S. Armed Forces:

22 279 527

Households:

	1 Mile	3 Miles	5 Miles
2023 Projection	2,775	24,789	74,160
2018 Estimate	2,569	22,759	68,358
2010 Census	2,236	18,608	57,600
Growth 2018 - 2023	8.02%	8.92%	8.49%
Growth 2010 - 2018	14.89%	22.31%	18.68%
Owner Occupied	1,984	16,612	46,021
Renter Occupied	585	6,147	22,336

2018 Avg Household Income

\$74,887 \$82,409 \$77,253

2018 Med Household Income

\$69,584 \$71,320 \$64,079

2018 Households by Household Inc:

	1 Mile	3 Miles	5 Miles
<\$25,000	408	2,415	9,524
\$25,000 - \$50,000	522	4,138	15,361
\$50,000 - \$75,000	482	5,709	15,793
\$75,000 - \$100,000	486	4,124	10,738
\$100,000 - \$125,000	413	3,371	7,891
\$125,000 - \$150,000	117	1,347	3,582
\$150,000 - \$200,000	100	863	3,179
\$200,000+	44	791	2,287

DFW Metroplex Market Overview





Market Overview

DALLAS-FORT WORTH OVERVIEW

The Dallas/Fort Worth Metroplex is the fourth-most populous metro in the nation with an aggregate of more than 7.1 million residents. It is composed of 13 counties stretching nearly 10,000 square miles. The city of Dallas houses 1.3 million people, followed by Fort Worth with 800,000 residents. Strong job growth continually draws new residents to the region. To accommodate the additional traffic, the region's transportation network is evolving. Traffic flow is improved as freeways are expanded and miles are being added to tollways and turnpikes. The growth of the transportation network is vital to supporting commuters to the metro's numerous corporations and growing industries.

METRO HIGHLIGHTS



SUBSTANTIAL POPULATION GAINS

Dallas/Fort Worth's population growth in recent years ranks among the highest in the U.S. for a major metro.



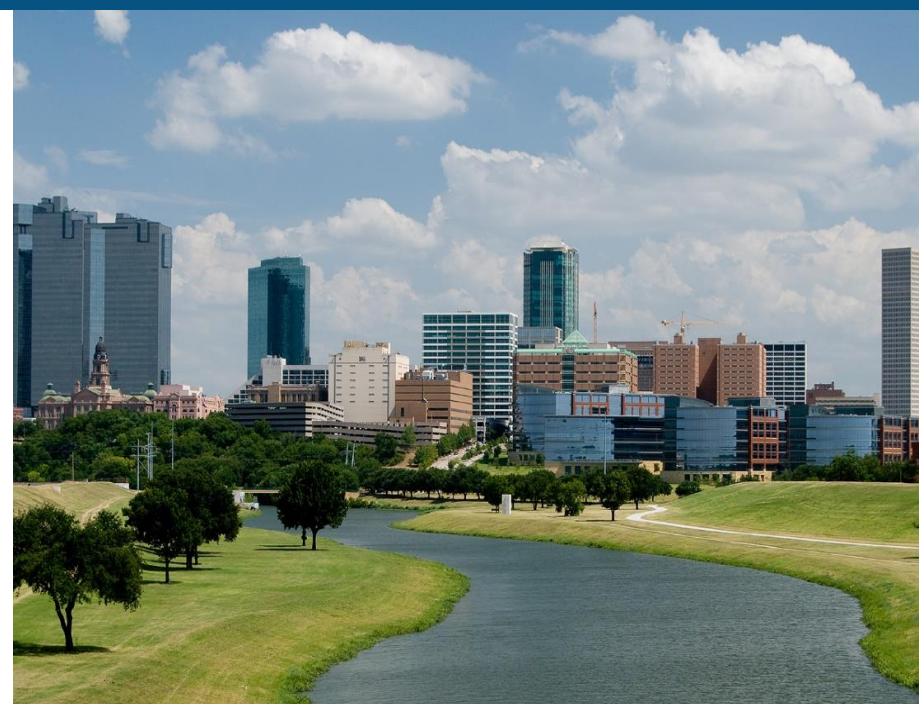
LARGE CORPORATE BASE

The Metroplex is home to 21 Fortune 500 companies and many regional headquarters, drawing workers and residents.



MAJOR DISTRIBUTION CENTER

The area's extensive network of rail and highways along with the International Inland Port of Dallas ensure its status as a distribution hub.





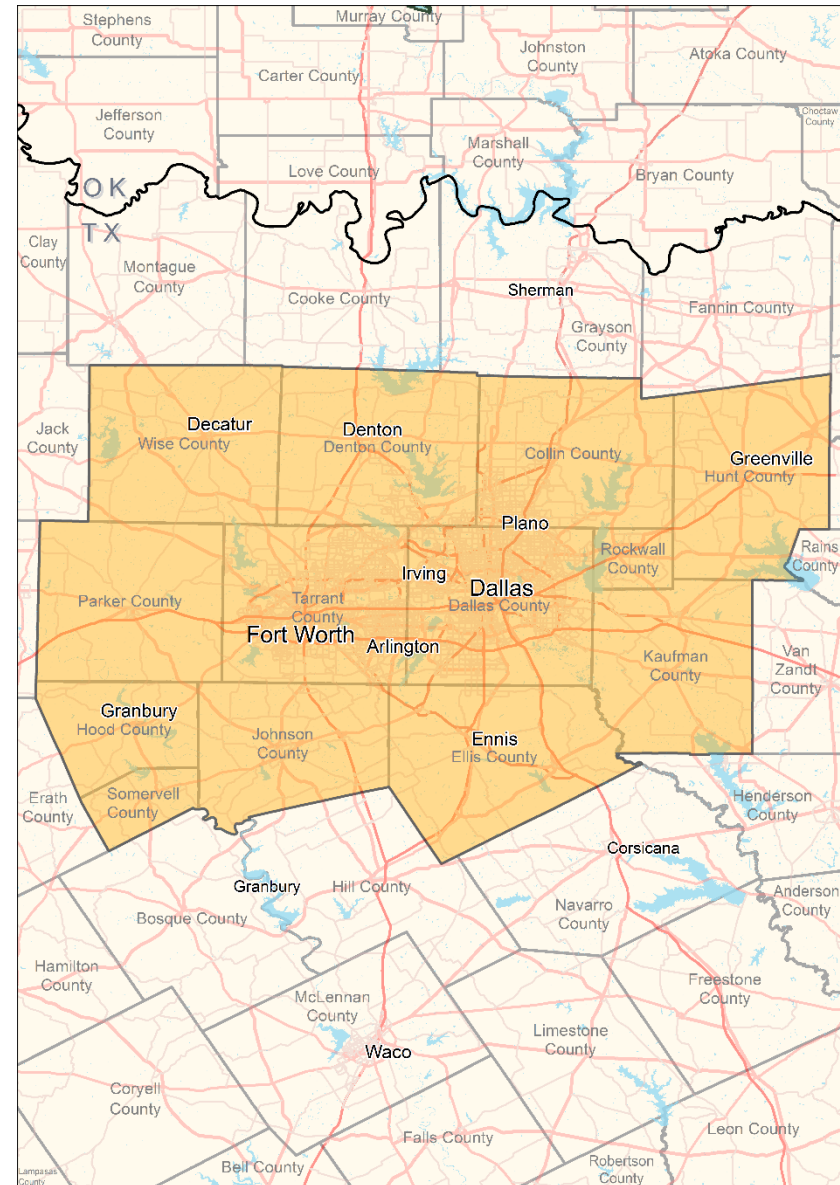
TRANSPORTATION

- The area is connected to the rest of the nation by way of Interstates 20, 30, 35, 45, 635 and 820.
- Freight serving lines in the region include Union Pacific, BNSF and Kansas City Southern. BNSF is headquartered in Fort Worth.
- Trinity Railway Express and Amtrak provide passenger rail service.
- Via rail to Houston Port, and Highways 20 and 45, the International Inland Port of Dallas (IIPOD) connects the region to global markets and trade.
- Airports include Dallas/Fort Worth International, Dallas Love Field, Fort Worth Alliance and 13 smaller airports.



MORE THAN
80

MILES OF A LIGHT-RAIL SYSTEM
SERVING DALLAS AND
SURROUNDING CITIES



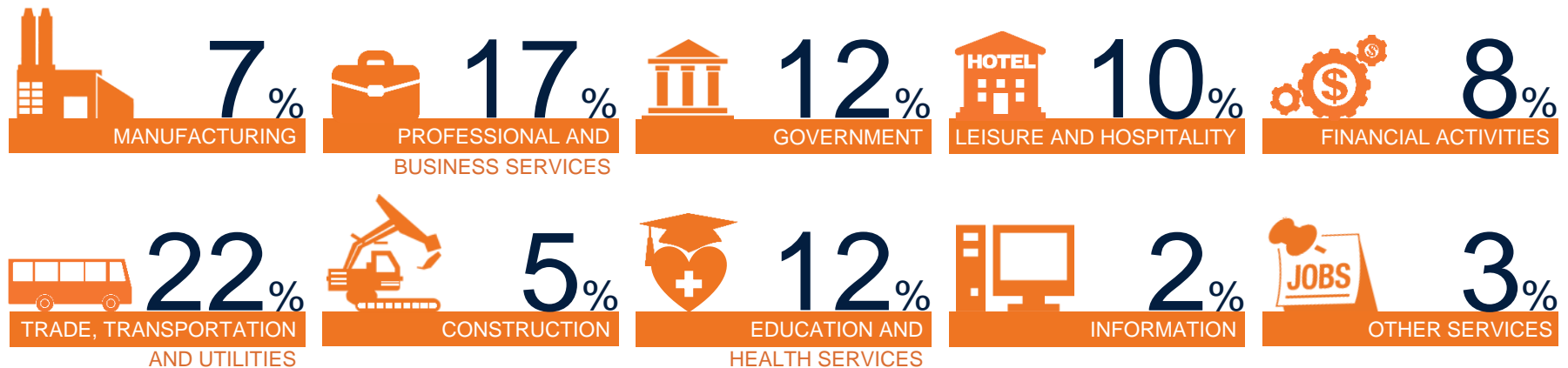
ECONOMY

- The Metroplex's temperate climate, no state income tax and a right-to-work labor policy attract employers.
- Dallas/Fort Worth is one of the nation's largest employment markets, with nearly 3.6 million jobs.
- The region is home to 21 Fortune 500 companies in a variety of sectors, including ExxonMobil, American Airlines Group, Southwest Airlines, Fluor, AT&T, Tenet Healthcare, Kimberly-Clark and J.C. Penney.
- The area is forecast to add jobs at an annual rate of 1.5 percent through 2021, well above the U.S. level.
- Economic expansion will be further fueled by a rise in financial services and high-tech companies.

MAJOR AREA EMPLOYERS
Wal-Mart
American Airlines
Texas Health Resources
Baylor Health Care System
Bank of America
Lockheed Martin
Texas Instruments
JPMorgan Chase
HCA North Texas Division
Southwest Airlines



SHARE OF 2016 TOTAL EMPLOYMENT

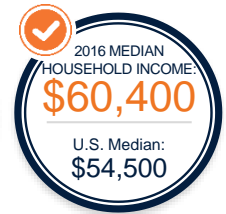
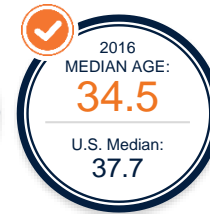




DEMOGRAPHICS

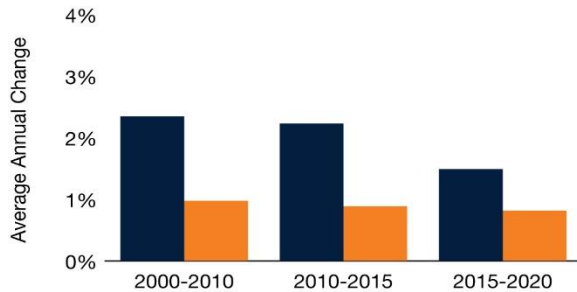
- Roughly 530,700 new people are expected through 2021, fueled by natural increases and north-to-south migration.
- The Metroplex is projected to add 200,000 households during the same period, generating the need for additional housing options.
- An educated population provides a skilled labor pool. Nearly 32 percent of residents age 25 and older have at least a bachelor's degree, compared with 29 percent for the nation.
- The 2016 metro homeownership rate is approximately 61 percent; this compares with 64 percent for the U.S.

QUICK FACTS



Population Growth

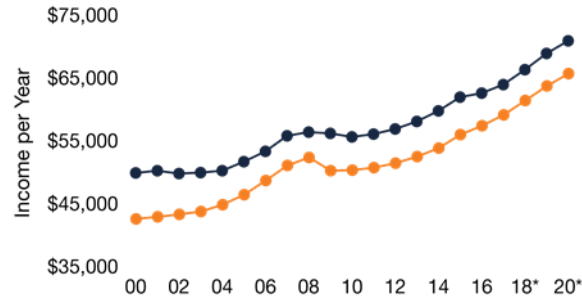
■ Dallas/Fort Worth ■ U.S.



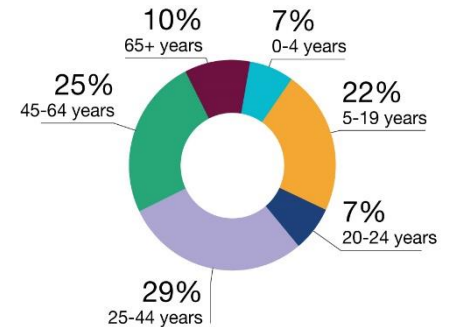
* Forecast

Median Household Income

— Dallas/Fort Worth — U.S.



2016 Population by Age





QUALITY OF LIFE

The Metroplex provides residents with an unparalleled lifestyle at a reasonable cost. The region continually ranks high for its affordability when compared with other large metros. A temperate climate provides ample opportunities for outdoor enthusiasts to enjoy. The region has many golf courses and activities at the metro's several reservoirs. Dallas/Fort Worth hosts professional teams in baseball, football, hockey and basketball.

Numerous educational institutions contribute to an educated workforce. The University of Texas at Dallas, University of North Texas, Texas Woman's University-Denton, Southern Methodist University, Texas Christian University and the University of Texas at Arlington are among the 19 higher-education institutions in the region. Metroplex residents are proximate to nationally recognized health centers: Parkland Memorial Hospital, Baylor University Medical Center and Texas Health Harris Methodist Hospital Fort Worth. Four medical schools also contribute to Dallas/Fort Worth's excellent healthcare providers.

\$235,200

MEDIAN HOME PRICE

150+

MUSEUMS AND
ART GALLERIES

150

PUBLIC & PRIVATE
GOLF COURSES



SPORTS



EDUCATION



ARTS & ENTERTAINMENT



Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau



exclusive net lease offering